

**Caution: DRAFT FORM**

This is an advance draft copy of a California tax form. It is subject to change and FTB approval before it is officially released.

If you have any comments on this draft form, you can submit them to us on our website at [www.ftb.ca.gov/forms/drafts/index.html](http://www.ftb.ca.gov/forms/drafts/index.html).

**2008 Partnership Return of Income****565**

For calendar year 2008 or fiscal year beginning month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_, and ending month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_.

Partnership name (place label within block or type or print) \_\_\_\_\_ Check box if name changed ☐

DBA \_\_\_\_\_ FEIN \_\_\_\_\_

Address (including suite, room, PO Box, and PMB no.) \_\_\_\_\_ Secretary of State (SOS) file number \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_ Principal business activity name (same as federal) \_\_\_\_\_

Check accounting method ● (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (attach explanation)	Date business started in CA ● _____	Enter total assets at end of year. See instructions. ● \$ _____	Check the applicable box ● (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> <b>FINAL RETURN</b> (3) <input type="checkbox"/> Amended return	Principal business activity code (same as federal) ● _____
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**Caution:** Include **only** trade or business income and expenses on line 1a through line 22 below. See the instructions for more information.

<b>Income</b>	<b>1</b>	a Gross receipts or sales \$ _____	b Less returns and allowances \$ _____	c Balance ●	<b>1c</b>	00
	<b>2</b>	Cost of goods sold (Schedule A, line 8) . . . . .			<b>2</b>	00
	<b>3</b>	GROSS PROFIT. Subtract line 2 from line 1c . . . . .			<b>3</b>	00
	<b>4</b>	Total ordinary income from other partnerships and fiduciaries. Attach schedule . . . . .			<b>4</b>	00
	<b>5</b>	Total ordinary loss from other partnerships and fiduciaries. Attach schedule . . . . .			<b>5</b>	00
	<b>6</b>	Total farm profit. Attach federal Schedule F (Form 1040). . . . .			<b>6</b>	00
	<b>7</b>	Total farm loss. Attach federal Schedule F (Form 1040). . . . .			<b>7</b>	00
	<b>8</b>	Total gains included on Schedule D-1, Part II, line 17 (gain only) . . . . .			<b>8</b>	00
	<b>9</b>	Total losses included on Schedule D-1, Part II, line 17 (loss only) . . . . .			<b>9</b>	00
	<b>10</b>	Other income. Attach schedule. . . . .			<b>10</b>	00
	<b>11</b>	Other loss. Attach schedule . . . . .			<b>11</b>	00
	<b>12</b>	<b>Total income (loss).</b> Combine line 3 through line 11 . . . . .			<b>12</b>	00
<b>Deductions</b>	<b>13</b>	Salaries and wages (other than to partners). . . . .			<b>13</b>	00
	<b>14</b>	Guaranteed payments to partners . . . . .			<b>14</b>	00
	<b>15</b>	Bad debts . . . . .			<b>15</b>	00
	<b>16</b>	Deductible interest expense not claimed elsewhere on return . . . . .			<b>16</b>	00
<b>Enclose, but do not staple, any payment</b>	<b>17</b>	a Depreciation and amortization. Attach form FTB 3885P \$ _____				
		b Less depreciation reported on Schedule A and elsewhere on return \$ _____			c Balance ●	00
	<b>18</b>	Depletion. Do not deduct oil and gas depletion . . . . .			<b>18</b>	00
	<b>19</b>	Retirement plans, etc. . . . .			<b>19</b>	00
	<b>20</b>	Employee benefit programs . . . . .			<b>20</b>	00
	<b>21</b>	Other deductions. Attach schedule. . . . .			<b>21</b>	00
	<b>22</b>	<b>Total deductions.</b> Add line 13 through line 21 . . . . .			<b>22</b>	00
<b>Pay-ments</b>	<b>23</b>	Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12 . . . . .			<b>23</b>	00
	<b>24</b>	<b>Tax — \$800.00 (LPs, LLPs, and REMICs only).</b> See instructions. . . . .			<b>24</b>	00
	<b>25</b>	Nonresident withholding credit (\$800 maximum). <b>See instructions.</b> . . . . .	<b>25</b>	00		
	<b>26</b>	Amount paid with extension of time to file return (form FTB 3538) . . . . .	<b>26</b>	00		
	<b>27</b>	<b>Total payments.</b> Add line 25 and line 26 . . . . .			<b>27</b>	00
<b>Amount Due or Refund</b>	<b>28</b>	Tax due. If line 24 is more than line 27, subtract line 27 from line 24 . . . . .			<b>28</b>	00
	<b>29</b>	<b>Use Tax.</b> See instructions. . . . .			<b>29</b>	00
	<b>30</b>	<b>Refund.</b> If the total of line 24 and line 29 is less than line 27, subtract the total from line 27 . . . . .	<b>30</b>	00		
	<b>31</b>	Penalties and interest. . . . .			<b>31</b>	00
	<b>32</b>	<b>Total amount due.</b> Add line 24, line 29, and line 31, then subtract line 27 from the result. . . . .			<b>32</b>	00
		Make the check or money order payable to the Franchise Tax Board . . . . .				00

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here  
Signature of general partner \_\_\_\_\_ Date \_\_\_\_\_ Telephone \_\_\_\_\_Paid Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed ☐ Paid Preparer's SSN/PTIN \_\_\_\_\_

Firm's name (or yours if self-employed) and address \_\_\_\_\_ Telephone \_\_\_\_\_ FEIN \_\_\_\_\_

May the FTB discuss this return with the preparer shown above (see instructions)? ☐ Yes ☐ No

**Schedule A Cost of Goods Sold**

<b>1</b>	Inventory at beginning of year .....	<b>1</b>		00
<b>2</b>	Purchases less cost of items withdrawn for personal use .....	<b>2</b>		00
<b>3</b>	Cost of labor .....	<b>3</b>		00
<b>4</b>	Additional IRC Section 263A costs. Attach schedule .....	<b>4</b>		00
<b>5</b>	Other costs. Attach schedule .....	<b>5</b>		00
<b>6</b>	<b>Total.</b> Add line 1 through line 5 .....	<b>6</b>		00
<b>7</b>	Inventory at end of year .....	<b>7</b>		00
<b>8</b>	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Side 1, line 2 .....	<b>8</b>		00

- 9 a** Check all methods used for valuing closing inventory:
- (1) ☐ Cost    (2) ☐ Lower of cost or market as described in Treas. Reg. Section 1.471-4    (3) ☐ Write down of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c)    (4) ☐ Other. Specify method used and attach explanation .....
- b** Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970 ..... ☐
- c** Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the partnership? ..... ☐ Yes ☐ No
- d** Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ..... ☐ Yes ☐ No

**J** What type of entity is filing this return? Check one only:

- **1** ☐ General partnership
- **2** ☐ Limited partnership required to pay annual tax (is doing business in California, is registered with SOS, or is organized in California)
- **3** ☐ Limited partnership, limited liability company (LLC), or other entity NOT required to pay annual tax (is not doing business in California, is not registered with SOS, and is not organized in California)
- **4** ☐ REMIC
- **5** ☐ Limited liability partnership
- **6** ☐ Other (See instructions)

**K** Enter the maximum number of partners in this partnership at any time during the year. (Be sure to attach a California Schedule K-1 (565) for each partner) .....

	Yes	No
<b>L</b> Is any partner of the partnership related by blood or marriage to any other partner? .....		
<b>M</b> Is any partner of the partnership a trust for the benefit of any person related by blood or marriage to any other partner? .....		
<b>N</b> Are any partners in this partnership also partnerships or LLCs? .....		
<b>O</b> Does the partnership meet all the requirements shown in the instructions for Question O? .....		
<b>P</b> Is this partnership a partner in another partnership or LLC? If "Yes," attach a statement with the name(s) and FEIN(s) of each entity ..		
<b>Q</b> Was there a distribution of property or transfer (for example by sale or death) of a partnership interest during the taxable year? If "Yes," see the federal instructions concerning an election to adjust the basis of the partnership's assets under IRC Section 754 ....		
<b>R</b> Is this partnership a publicly traded partnership as defined in IRC Section 469(k)(2)? .....		
<b>S</b> Is this partnership under audit by the IRS or has it been audited in a prior year? .....		
<b>T</b> (1) For this taxable year, was there a change in control or majority ownership for this partnership (or any legal entity in which it holds a controlling or majority interest) that owned or leased real property in California? .....		
(2) For this taxable year, did this partnership (or any legal entity in which it holds a controlling or majority interest) acquire control or majority ownership of any other legal entity that owned or leased real property in California? .....		
(3) If this partnership (or any legal entity in which it holds a controlling or majority interest) owned or leased real property in California, has more than 50 percent of the partnerships interest cumulatively transferred in one or more transactions since March 1, 1975, which was not reported on a previous year's tax return? .....		
<b>(Penalties May Apply – See Instructions.)</b>		
<b>U</b> (1) Does the partnership have any foreign (non U.S.) nonresident partners? .....		
(2) Does the partnership have any domestic (non-foreign) nonresident partners? .....		
(3) Were Form 592, Form 592-A, Form 592-B, and Form 592-F filed for these partners? .....		
<b>V</b> Is this an investment partnership? See General Information, Investment Partnerships, in the instructions .....		
<b>W</b> Is the partnership apportioning income to California using Schedule R? .....		
<b>X</b> Has the partnership included a Reportable Transaction or Listed Transaction within this return? (See instructions for definitions.) If "Yes," complete and attach Form 8886 for each transaction .....		
<b>Y</b> Did this partnership file the Federal Schedule M-3 (Form 1065)? .....		
<b>Z</b> Is this partnership a direct owner of an entity that filed a federal Schedule M-3? .....		
<b>AA</b> Does this partnership have a beneficial interest in a trust or is it a grantor of a trust? Attach name, address, and FEIN. ....		
<b>AB</b> Does this partnership own a member in a business entity disregarded for tax purposes? Attach schedule of disregarded entity names and identification numbers. ....		
<b>AC</b> During the year did this partnership defer any gains from the disposition of assets? .....		

**Schedule K Partners' Shares of Income, Deductions, Credits, etc.**

		(a) Distributive share items	(b) Amounts from federal K (1065)	(c) California adjustments	(d) Total amounts using California law	
Income (Loss)	1	Ordinary income (loss) from trade or business activities . . . . .	1 ●			
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825. . . .	2			
	3 a	Gross income (loss) from other rental activities. . . . .	3a			
	b	Less expenses. Attach schedule. . . . .	3b			
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a . . . . .	3c		●	
	4	Guaranteed payments to partners . . . . .	4		●	
	5	Interest income . . . . .	5		●	
	6	Dividends. . . . .	6		●	
	7	Royalties . . . . .	7		●	
	8 a	Total short-term capital gains . . . . .	8a		●	
	8 b	Total short-term capital losses . . . . .	8b		●	
Deductions	9 a	Total long-term capital gains . . . . .	9a		●	
	9 b	Total long-term capital losses . . . . .	9b		●	
	10 a	Total Gain under IRC Section 1231 (other than due to casualty or theft) . . .	10a		●	
	b	Total Loss under IRC Section 1231 (other than due to casualty or theft) . . .	10b		●	
	11 a	Other portfolio income (loss). Attach schedule . . . . .	11a		●	
	b	Total other income. Attach schedule. . . . .	11b			
	c	Total other loss. Attach schedule . . . . .	11c			
	12	Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6, and 17268). Attach schedule . . . . .	12			
	13 a	Charitable contributions. See instructions. Attach schedule. . . . .	13a			
	b	Investment interest expense . . . . .	13b		●	
	Credits	c	1 Total expenditures to which IRC Section 59(e) election may apply. Attach schedule. . . . .	13c1		
		2 Type of expenditures . . . . .	13c2			
d		Deductions related to portfolio income. . . . .	13d			
e		Other deductions. Attach schedule. . . . .	13e			
15 a		Withholding on partnership allocated to all partners. . . . .	15a			
b		Low-income housing credit . . . . .	15b			
c		Credits other than the credit shown on line 15b related to rental real estate activities . . . . .	15c			
d		Credits related to other rental activities. . . . .	15d			
e		Nonconsenting nonresident members' tax allocated to all partners . . . . .	15e			
f		Other credits . . . . .	15f		●	
Alternative Minimum Tax (AMT) Items		17 a	Depreciation adjustment on property placed in service after 1986 . . . . .	17a		
	b	Adjusted gain or loss . . . . .	17b			
	c	Depletion (other than oil and gas). . . . .	17c			
	d	Gross income from oil, gas, and geothermal properties . . . . .	17d			
	e	Deductions allocable to oil, gas, and geothermal properties . . . . .	17e			
	f	Other alternative minimum tax items . . . . .	17f			
	Other Information	18 a	Tax-exempt interest income . . . . .	18a		
		b	Other tax-exempt income . . . . .	18b		●
		c	Nondeductible expenses . . . . .	18c		
		19 a	Distributions of money (cash and marketable securities) . . . . .	19a		
		b	Distribution of property other than money . . . . .	19b		
20 a		Investment income . . . . .	20a			
b		Investment expenses . . . . .	20b			
c		Other information. See instructions . . . . .	20c			
Analysis		21 a	Total distributive income/payment items. Combine lines 1, 2, and 3c through 11c. From the result, subtract the sum of lines 12 through 13e. . . . .	21a		●
		b	Analysis by type of partner:			
			(a)	(b) Individual	(c)	(d)
		Corporate	i. Active	ii. Passive	Partnership	Exempt Organization
	(1) General partners					
	(2) Limited partners					

**Schedule L Balance Sheets.** See the instructions for Question O before completing Schedules L, M-1, and M-2.

Assets	Beginning of income year		End of income year	
	(a)	(b)	(c)	(d)
1 Cash				
2 a Trade notes and accounts receivable				
b Less allowance for bad debts	( )		( )	
3 Inventories				●
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets. Attach schedule				●
7 Mortgage and real estate loans				
8 Other investments. Attach schedule				●
9 a Buildings and other depreciable assets				
b Less accumulated depreciation	( )		( )	●
10 a Depletable assets				
b Less accumulated depletion	( )		( )	
11 Land (net of any amortization)				●
12 a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
13 Other assets. Attach schedule				●
14 Total assets				
Liabilities and Capital				
15 Accounts payable				●
16 Mortgages, notes, bonds payable in less than 1 year				●
17 Other current liabilities. Attach schedule				
18 All nonrecourse loans				●
19 Mortgages, notes, bonds payable in 1 year or more				●
20 Other liabilities. Attach schedule				●
21 Partners' capital accounts				●
22 Total liabilities and capital				

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return.** Use total amount under California law.  
If the partnership completed federal Schedule M-3 (Form 1065), see instructions.

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, line 1 through line 11c. Itemize:	
2 Income included on Schedule K, line 1 through line 11c, not recorded on books this year. Itemize:	●	a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		b Other \$	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 13e. Itemize:		c Total. Add line 6a and line 6b \$	●
a Depreciation \$		7 Deductions included on Schedule K, line 1 through line 13e, not charged against book income this year. Itemize:	
b Travel and entertainment \$		a Depreciation \$	
c Limited partnership tax \$		b Other \$	
d Other \$		c Total. Add line 7a and line 7b \$	●
e Total. Add line 4a through 4d \$	●	8 Total. Add line 6c and line 7c	
5 Total of line 1 through line 4e		9 Income (loss) (Schedule K, line 21a). Subtract line 8 from line 5	

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year		5 Total of line 1 through line 4	
2 Capital contributed during year:		6 Distributions:	
a Cash \$	●	a Cash	●
b Property \$	●	b Property	●
3 Net income (loss) per books		7 Other decreases. Itemize	
4 Other increases. Itemize			●
		8 Total of line 6 and line 7	
	●	9 Balance at end of year. Subtract line 8 from line 5	